

**Suggested Remarks**  
**Jon D. Lindborg**  
**USAID Mission Director**  
**MABS Phase 4 (MABS-4) Memorandum of Agreement Signing**  
**August 6, 2008**  
**Manila**

Good afternoon

RBAP President Mitch Gomez,  
RBRDFI Chairman Atty. Francis Ganzon,  
GXI President Ms. Rizza Maniego-Eala,  
Nokia Country Manager William Hamilton-Whyte,  
Executive Director of MEDCo, Ms. Janet Lopez,  
Rural Bankers,  
ladies and gentlemen,

I am pleased to be here today to renew the MABS initiative with RBAP and to witness the continued support of GXI and the Nokia Philippines to the RBAP Mobile Phone Banking Initiative.

Since 1997, the MABS Program has been working with Philippine rural banks so they can, in turn, extend microfinance services to the microenterprise sector. We at USAID have been proud of the results of the MABS Program and the participating rural banks over the past decade. The MABS program has provided technical assistance and training to more private banks in this country than in any other microfinance program that USAID supports in the world. With more than 90 participating rural banks and more than 320 active branches, these banks have collectively disbursed more than **1.5 million loans** totaling more than **PhP19 billion** to more than half a million new bank borrowers. These participating banks have also opened more than **500,000** additional micro deposit accounts and now manage more than **1.3 million microdeposit accounts** totaling more than **PhP1.8 billion**. They now generate almost all the funding they need for lending from

deposits and private funding. We are impressed with the continued growth and commitment of the rural banking industry that is now often acknowledged as the new leader in providing microfinance services in the Philippines.

We have also been pleased with the various initiatives that were started during the last phase of the MABS program. These initiatives include the development of a specialized Micro Agri loan product to better serve small farmers and, more importantly, the RBAP Mobile Phone Banking Initiative. This initiative in particular, which has been supported by the MABS program in partnership with Globe Telecom's GXI, is a milestone in expanding the access to banking services that is now being actively studied by countries, telecoms, banks, and even USAID Missions around the world. I understand that the important role of this initiative was also recently documented by Nokia in their recent *Enabling Horizons* magazine.

This leads me to the story I heard about clients located in the small town of Carrascal, Mindanao some 45 minutes away from the Rural Bank of Cantilan. Bank clients located in his community had to walk some 30 minutes and then take a 15-minute motorcycle ride to the Rural Bank of Cantilan as there are no buses, no jeepneys, or other means of public transportation serving this community.

Today, because of the unique mobile phone banking services that were developed with the support of the MABS program and utilizing Globe's unique GCASH platform, clients simply text their loan payments to the bank saving both time and money. They are now able to save time and money not only to make their loan payments, deposit, or withdraw money from their accounts, but also to send and receive money from family members located in Butuan and other major towns across the Philippines. I understand that the clients in this community now plan to place orders

remotely to local wholesalers and pay remotely. All this has become possible, thanks to the unique partnership between Globe Telecom and the Rural Bank of Cantilan.

In addition to supporting the RBAP Mobile Phone Banking Initiative which we expect will reach at least 500,000 rural bank clients, the MABS-4 program will also work to increase agricultural lending and reach more small farmers through the micro agri-loan product. We are also working on assisting participating rural banks to design, develop and launch housing microfinance loan products to serve the large unmet need in the area of housing finance, particularly in rural areas. Furthermore, MABS will assist rural banks to partner closely with insurance companies in order to offer new and unique microinsurance services to better meet the insurance needs of their clients. In addition, we will support the expansion of credit bureau services.

USAID sees the importance of mobilizing the ideas and efforts of the private sector and the importance of forging alliances to stimulate economic growth, develop businesses, and expand access to technology.

In closing, let me say that the US Government through USAID, together with our partners, the Rural Bankers Association of the Philippines (RBAP) and the Mindanao Economic Development Council (MEDCo), look forward to five more years of the MABS Program. With the past achievements of MABS and with strong support from its partners, we are confident that we will be able to achieve our common aim – that more and more microenterprises, however far they are from traditional economic centers – gain access to banking services and technology.